BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268–0001

POSTAL RATE AND FEE CHANGES, 2006	Docket No. R2006-1

NOTICE OF UNITED STATES POSTAL SERVICE
OF FILING REVISED RESPONSE TO INTERROGATORY
OF MAJOR MAILERS ASSOCIATION
(MMA/USPS-3) [Erratum]

The United States Postal Service hereby gives notice of filing a revised response to

interrogatory MMA/USPS-3; the response was originally filed on July 27, 2006. The response to

Part (D) references attachments that were not attached to the original response. The revised

response does include the attachments, and the notation "Revised July 28, 2006" in the lower

left corner of the response.

The interrogatory is stated verbatim and followed by the revised response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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Kenneth N. Hollies
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268–3083; Fax –6187
July 28, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY
OF MAJOR MAILERS ASSOCIATION

MMA/USPS-3.
Please refer to your response to R2005-1 Interrogatory MMA/USPS-2, Parts B-E. There you stated that "[a]s of June 7, 2005, of a total of 114 deployed *PostalOne!* systems, 21 systems were purchased by customers and 93 were purchased by the Postal Service. Of the 93 deployed *PostalOne!* systems purchased by the Postal Service, 36 are automated systems and 57 are desktop systems."

A. Please update the referenced information as of the date you respond to this interrogatory.

B. As of June 7, 2005, how many of the 21 *PostalOne!* systems purchased by *PostalOne!* customers were automated systems and how many were desktop systems.

C. As of the date you respond to this interrogatory, please provide the total number of *PostalOne!* systems purchased by *PostalOne!* customers, the number that are automated systems and the number that are desktop systems.

D. Please describe in detail and explain all differences between automated and desktop *PostalOne!* systems.

E. Please provide the total purchase price of the most recently purchased automated and desktop *PostalOne!* systems purchased by the Postal Service.

F. For *PostalOne!* automated systems that the Postal Service purchases, please describe what installation, mailer training, and run-in costs are paid for by the Postal Service and provide the total of such costs that the Postal Service incurred or paid for during R2005-1 BY 2004 and R2006-1BY 2005, as well as any amount budgeted for such purposes during R2006-1 TY 2008.

G. For *PostalOne!* desktop systems that the Postal Service purchases, please describe what installation and run-in costs are paid for or incurred by the Postal Service and provide the total of such costs that the Postal Service incurred or paid for during R2005-1 BY 2004 and R2006-1BY 2005, as well as any amount budgeted for such purposes during R2006-1 TY 2008.

RESPONSE:

A. As of July 19,2006, of a total of 115 deployed *PostalOne!* Systems, 25 systems were purchased by customers and 90 were purchased by the Postal Service. Of the 90 deployed *PostalOne!* Systems purchased by the Postal Service, 37 are automated systems and 53 are desktop systems.

B. As of June 7, 2005, of the 21 *PostalOne!* Systems purchased by *PostalOne!* customers, 20 were automated systems and 1 was a desktop system.

C. As of July 19, 2006, of a total of 25 *PostalOne!* systems purchased by *PostalOne!* customers, 24 are automated systems and 1 is a desktop system.

D. Please see the documents attached to this response.

E. The capital investment for the Postal Service's most recently purchased desktop system was about $17,000. The capital investment for the Postal Service's most recently purchased automated system was about $91,000.

F-G. While the Postal Service facilitates the installation of *PostalOne!* Automated Systems and Desktop Systems, installation and run-in costs are paid by customers. Typically these costs include site preparation, power and phone line

installation costs, and integration into new or existing automated material handling equipment. As such, there is no past, current, or future allocation in the *PostalOne!* budget for installation and run-in costs.   For Automated Systems, equipment and operation training is provided by the vendor, and is included in the purchase price of the system. For Desktop Systems, equipment and operation training is provided by the Postal Service. A user manual is included in the cost of a desktop system. User training, which typically runs 30-45 minutes, is included as part of the Postal Service support. As such, there is no past, current, or future allocation in the program budget for customer training.

PostalOne! **Desktop Shipping System**

Background
The United States Postal Service has been working with Major Mailers to facilitate the integration of Major Mailer preparation processes with Postal Service Acceptance, Verification, Processing, and Transportation processes to reduce mail preparation time, increase quality, reduce costs, and improve overall customer service. Currently, two types of shipping systems are designed: automated and desktop. Automated shipping systems are physically integrated into the mailers' processes and have features such as powered conveyors, in-line scanners, and printed label applicators, among others. They occupy an area about half the size of a sorter and can cost upwards of $100,000. In order to provide a simplified and relatively inexpensive shipping system, the *PostalOne!* Program Office developed the Desktop Shipping Systems to offer mailers an alternative. This system has been developed, delivered, and tested by the USPS. The *PostalOne!* Program Office has selected several pilot sites around the country to test this manual shipping system.

System Overview
The *PostalOne!* Desktop Shipping System includes a scale, scanner, and printer connected to a system controller at the mailer's site. The static scale is used for collecting the weight of the mail piece, while the scanners are used for reading the Distribution label. In the event that the barcode of the distribution label can not be scanned, the operator uses the keyboard to manually enter the data. The printer prints the transportation assignment tag for manual application to the mail tray. The system is connected to the USPS STARSHIP application via modem to enable electronic transportation assignment and management. Figure 1 shows an example of a Desktop Shipping System.
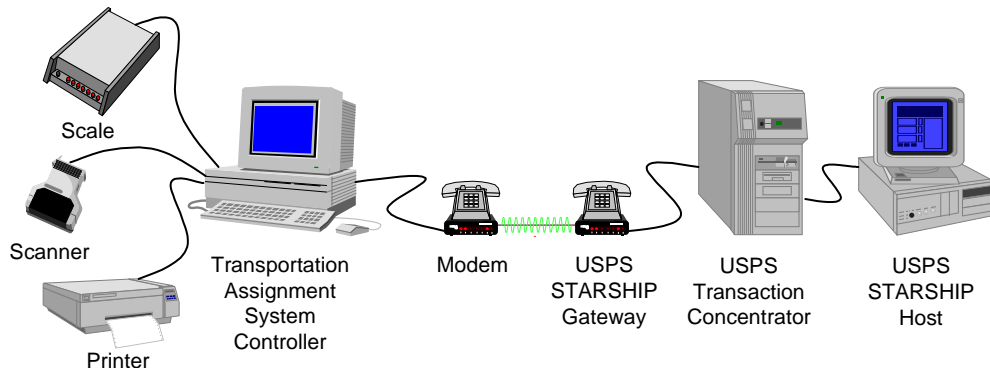

Figure 1

After the operator places the mail piece on the scale, the tray label barcode data is captured through a barcode scanner or keyboard and the weight information is collected by the system controller for processing and transportation assignment. Based upon the three-digit destination ZIP code, a determination is made whether or not surface transportation is a viable mode of transportation by looking it up in the transportation table, and then checking the truck schedule table. If it is determined that a tray can travel by ground transportation and still meet the Critical Entry Time (CET) at the destinating plant, a *PostalOne*! surface label will be printed. If a surface route is not available for the tray, the system will query STARSHIP through the Gateway to determine an acceptable airline flight to the destination and print a Dispatch and Routing (D&R) label. In

Addition, the *PostalOne!* Desktop Shipping System is also capable of printing STARSHIP Act Tag, STARSHIP surface, Local and Error code labels. The option of printing of each of these labels (with the exception of the D&R label) is configurable using an On/Off Toggle through the Configuration Editor.

In case of error condition, i.e. No Weight, Label not defined on STARSHIP, etc., the screen is updated and a warning sound is produced to inform the operator of the condition. The system will also display instructions on how to proceed. See Figure 2 for snapshots from the *PostalOne!* Desktop Shipping System.

C01 Error label

STARSHIP D&R Label
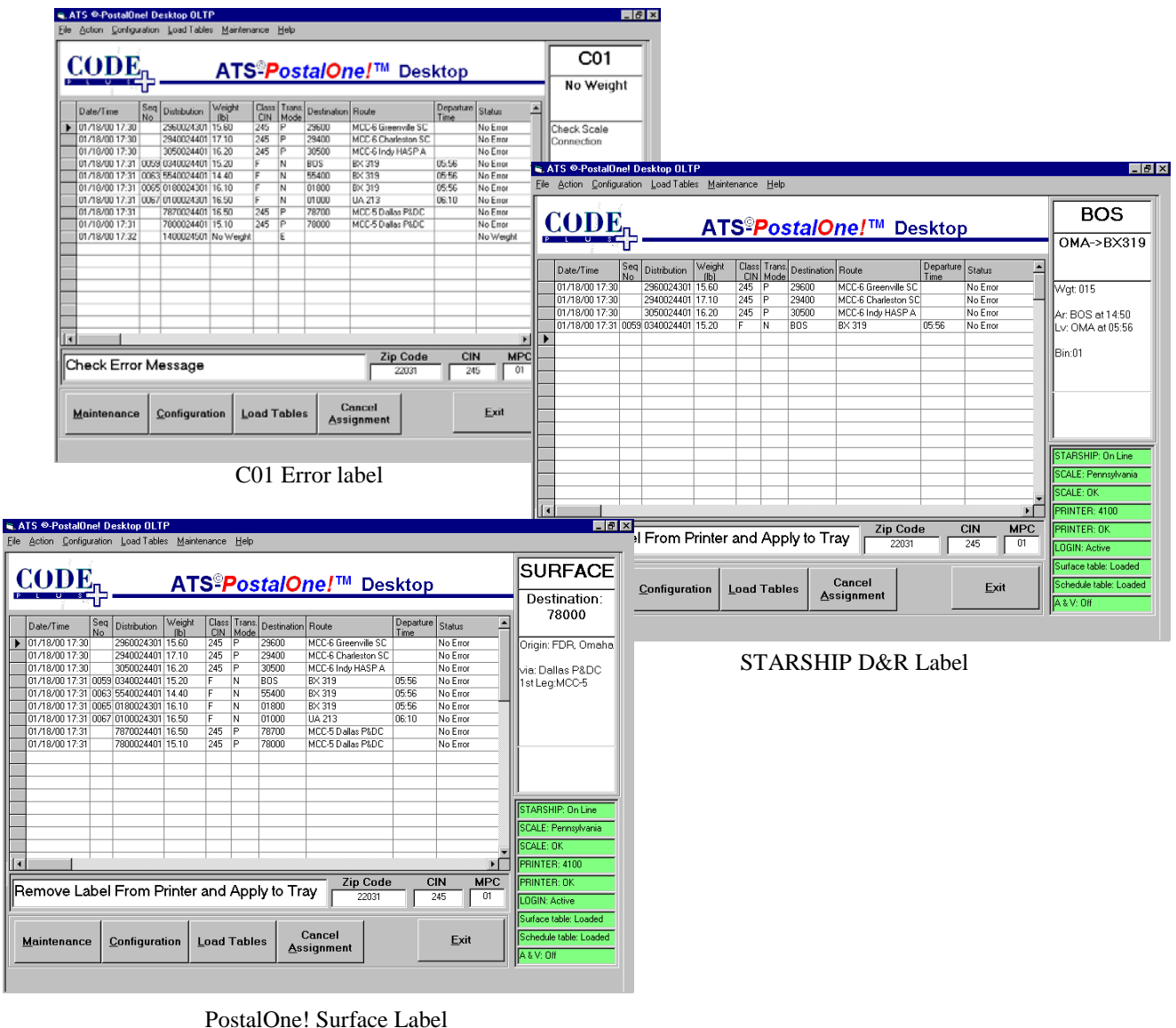
PostalOne! Surface Label

Figure 2

When a transaction is complete the system writes the transaction data to a daily log file. The data log file will contain the appropriate information regarding the transactions, system messages and error codes. This information can be accessed using a Data Analysis Tool to provide useful information regarding mail destinations, system throughput and availability, and other mailing profile information.

Mailer Requirements
The system requires the following space, interfaces, and power for proper operation.

1. The mailer will provide a suitably protected and environmentally safe area for the *PostalOne!* system.
2. The mailer will provide an office table on which to mount the system. The table should be a minimum of 4' X 2½' or 10 ft^2.
3. The mailer will provide an analog phone line for system installation and operation or access to preexisting STARSHIP connection.
4. The mailer will provide an analog phone line for the integrated Data Logger.
5. The mailer will provide a 110V Single Phase AC, 20 amp electrical power drop.

PostalOne! **Automated Shipping System**

Background

The United States Postal Service has been working with Major Mailers to facilitate the integration of Major Mailer preparation processes with Postal Service Acceptance, Verification, Processing, and Transportation processes to reduce mail preparation time, increase quality, reduce costs, and improve overall customer service. Currently, two types of shipping systems are designed: automated and desktop. Automated shipping systems are physically integrated into the mailers' processes and have features such as powered conveyors, in-line scanners, and printed label applicators, among others. They occupy an area about half the size of a sorter and can cost about $100,000. Additionally, the Desktop Shipping System is a stand-alone shipping system that is less expensive and can be installed on a table on a workroom floor.

System Overview

The *PostalOne!* Automated Shipping System includes an 18 feet conveyer that is integrated into the mailers tray management conveyance systems. The automated shipping system will include and in-line scale, distribution label scanner, printer, verification scanner, and pop-up diverter connected to a system server at the mailers site. The in-line static scale is used for collecting the weight of the mail piece, while the scanners are used for reading the Distribution label. Once the distribution label is read, the printer will print a D&R tag with a transportation assignment, and the verification scanner will verify the D&R tag information. If the verification scanner can not verify the D&R tag information the automated shipping system will reject the tray at the pop-up diverter into a reject line. The trays on the reject-line will be re-worked by the mailer. The reject-line will contain mail trays that the distribution label scanner could not read, or trays that did not get a proper assign due to system errors. The system is connected to the USPS S-AMS application via modem to enable electronic transportation assignment and management. Figure 1 shows an example of an Automated Shipping System.
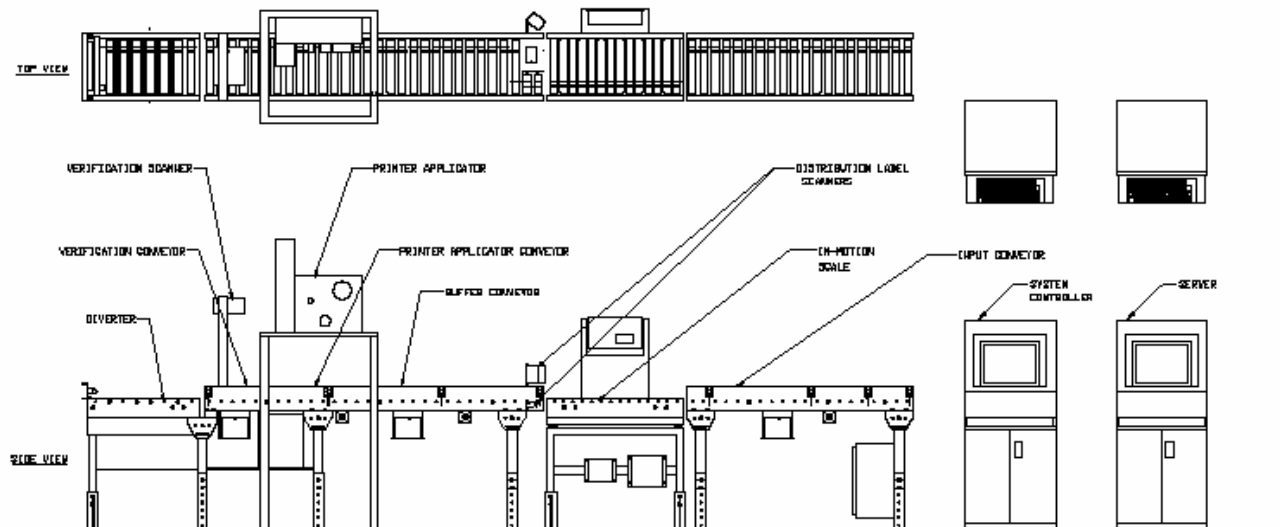

Figure 1

Assigning Transportation

Based upon the three-digit destination ZIP code, a determination is made whether or not surface transportation is a viable mode of transportation by looking it up in the transportation table, and then checking the truck schedule table. If it is determined that a tray can travel by ground transportation and still meet the Critical Entry Time (CET) at the destinating plant, a *PostalOne*! surface label will be printed. If a surface route is not available for the tray, the system will query S-AMS through the Gateway to determine an acceptable airline flight to the destination and print a Dispatch and Routing (D&R) label. In Addition, the *PostalOne!* Automated Shipping System is also capable of printing S-AMS Act Tag, S-AMS surface, Local and Error code labels. The option of printing of each of these labels (with the exception of the D&R label) is configurable using an On/Off Toggle through the Configuration Editor.

In case of error condition, i.e. No Weight, Label not defined on S-AMS, etc., the screen is updated and a warning sound is produced to inform the operator of the condition. The system will also display instructions on how to proceed. Figure 2 shows a snap-shot of the Automated Shipping System.
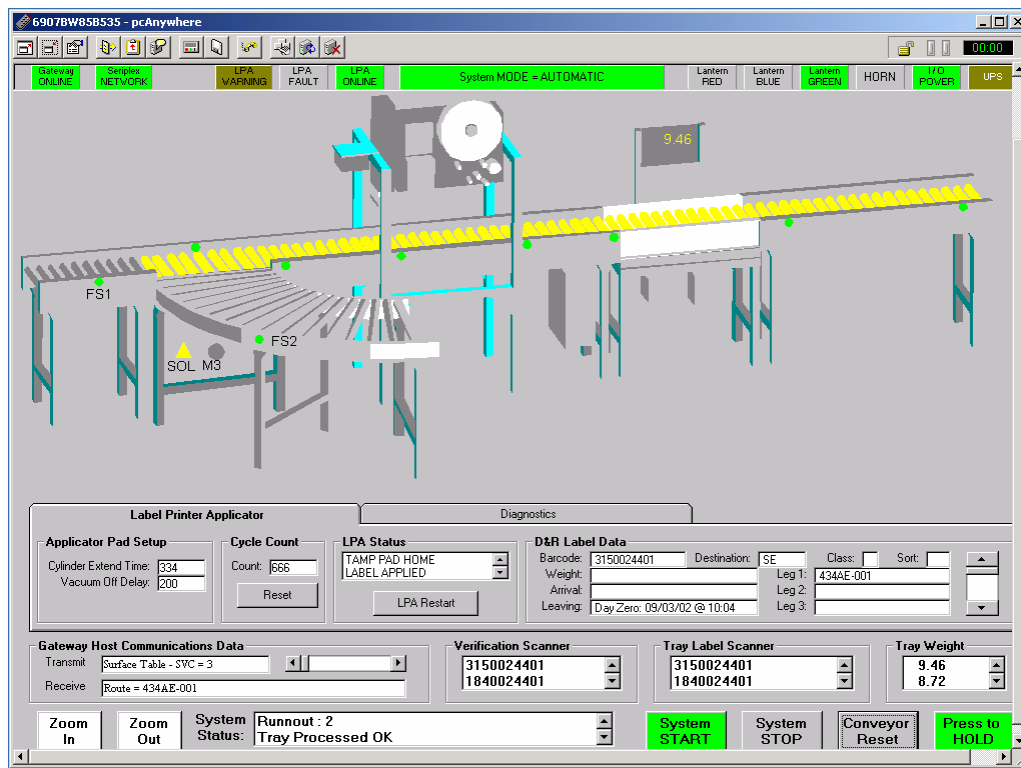

Figure 2

When a transaction is complete the system writes the transaction data to a daily log file. The data log file will contain the appropriate information regarding the transactions, system messages and error

codes. This information can be accessed using a Data Analysis Tool to provide useful information regarding mail destinations, system throughput and availability, and other mailing profile information.

Mailer Requirements
The system requires the following space, interfaces, and power for proper operation.

1. The mailer will provide a suitably protected and environmentally safe area for the *PostalOne!* system.
2. The mailer will integrate the *PostalOne!* Automated System to the mailers existing tray management conveyance system.
3. The mailer will provide an analog phone line for system installation and operation or access to preexisting STARSHIP connection.
4. The mailer will provide an analog phone line for the integrated Data Logger.
5. The mailer will provide a 220V Single Phase AC, 20-amp electrical power drop.